

TUNDRA GOLD MINES LIMITED

DIRECTORS

A. W. WHITE.....	Toronto, Ontario
J. C. BYRNE.....	Toronto, Ontario
A. E. MACKAY.....	Toronto, Ontario
F. A. FELL, P. Eng.....	Toronto, Ontario
L. A. BEDNARZ, P. Eng.....	Toronto, Ontario
H. R. HEARD.....	Toronto, Ontario
D. R. McEWEN.....	Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

THE STERLING TRUSTS CORPORATION
372 Bay Street
TORONTO

HEAD OFFICE OF THE COMPANY

Suite 1011, 2200 Yonge Street
Toronto 7, Ontario

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 1971

TUNDRA GOLD MINES LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

During 1970 Tundra Gold Mines participated in two exploration ventures.

A program of prospecting, trenching and diamond drilling was undertaken on an optioned copper prospect in the Terrace region of British Columbia. The mineral occurrences proved to be small and erratic and, as a result, the option was terminated. Financing was provided by four companies of which Tundra's contribution was 11 per cent.

Tundra has a modest participation in a syndicate which commenced exploration in Western Australia one year ago. A number of claim groups have been staked and work programs initiated on most of them. Two properties have been farmed out. In partnership with Australian interests, the syndicate optioned two precious metal prospects which were subsequently drilled. Results were inconclusive from the one investigation and disappointing from the other. Further involvement in Australia will be on a reduced scale.

A consortium comprised of Tundra, Dome Exploration, Jorex and Ashland Oil Canada is financing exploration for copper in the Houston area of western British Columbia. Two claim blocks were staked on the basis of airborne magnetic features, and prospecting and geochemical surveys are in progress. Additional ground was recently secured to protect a silver-lead showing.

The Company's gold mining plant in the Northwest Territories remains intact in the hope that a much higher gold price will become a reality in the not-too-distant future thus encouraging renewed exploration of the property's potential.

On behalf of the Board of Directors:

A. W. WHITE,
President

J. C. BYRNE,
Vice-President & Managing Director

TUNDRA GOLD MINES LIMITED

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and general meeting of the shareholders of Tundra Gold Mines Limited (the "Company") will be held at Suite 416, 25 Adelaide Street West, Toronto, Ontario, on Tuesday, August 31, 1971, at the hour of 10:00 o'clock in the forenoon (Eastern Daylight Saving Time) for the following purposes:

1. To receive and consider the balance sheet of the Company as at March 31, 1971, together with the statement of operations, the statement of deficit and the statement of source and application of funds, all for the year ended March 31, 1971, and together with the reports of the directors and the auditors on the said balance sheet and statements.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To consider and, if thought fit, to confirm By-law Number 9 set out herein.
5. To transact such other business as may properly come before the said meeting or any adjournment thereof.

DATED at Toronto this 27th day of July, 1971.

By Order of the Board,

H. R. HEARD,

Secretary

TUNDRA GOLD MINES LIMITED

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by management of Tundra Gold Mines Limited (hereinafter sometimes called the "Company") for use at the annual and general meeting of shareholders of the Company to be held on Tuesday, August 31, 1971 at Suite 416, 25 Adelaide Street West, Toronto, Ontario, Canada, for the purposes set forth in the foregoing notice of meeting. This circular is also furnished in connection with the solicitation of proxies by management of the Company for use at the special meeting of holders of 6% convertible, redeemable, sinking fund preference shares ("preference shares") of the Company having a par value of \$35 each. The said meeting of holders of preference shares is to be held at Suite 416, 25 Adelaide Street West, Toronto, Ontario, on Tuesday, August 31, 1970 at the hour of 9:45 o'clock in the forenoon, immediately preceeding the annual and general meeting of shareholders.

RIGHT OF REVOCATION

A shareholder executing either of the enclosed proxies has the power to revoke it at any time before it is exercised.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxies are solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Shareholders of record on the date of the aforesaid meetings, namely August 31, 1971, will be entitled to vote at the said meetings. The Company has two classes of shares, namely common shares having a par value of \$1 each, and 6% convertible, redeemable, sinking fund preference shares having a par value of \$35 each. Each common share and each preference share entitles the holder thereof to one vote at meetings of shareholders of the Company. In accordance with the conditions and restrictions attaching to the preference shares, the holders of the issued preference shares of the Company are presently entitled to elect three-sevenths of the members of the board of directors of the Company. Each preference share entitles the holder thereof to one vote at meetings of the holders of preference shares.

At July 27, 1971 the Company had outstanding and issued 4,277,316 common shares of 5,000,000 such shares authorized. All of the issued common shares are fully paid and non-assessable shares. On the said date there were outstanding 9,572 preference shares of 20,350 such shares authorized. All of such issued preference shares are fully paid and non-assessable.

At July 27, 1971, to the knowledge of the directors or senior officers of the Company the following were the only beneficial owners directly or indirectly of common shares of the Company which carried more than 10% of the voting rights attached to all common shares of the Company, namely:

<u>Name of Shareholder</u>	<u>Approximate number of shares</u>	<u>Percentage of outstanding common shares represented</u>
Discovery Mines Limited	1,199,658	28.04%
Dickenson Mines Limited	1,188,588	27.78%
Rayrock Mines Limited	916,572	21.42%

At July 27, 1971, to the knowledge of the directors or senior officers of the Company the following were the only beneficial owners directly or indirectly of preference shares of the Company which carried more than 10% of the voting rights attached to all preference shares of the Company, namely:

<u>Name of Shareholder</u>	<u>Approximate number of shares</u>	<u>Percentage of outstanding preference shares represented</u>
Dickenson Mines Limited	4,005	41.8 %
Discovery Mines Limited	4,000	41.8 %

ELECTION OF DIRECTORS

There are presently 7 directors of the Company. The shareholders, both common and preference, of the Company are entitled at the forthcoming annual and general meeting of shareholders to elect 4 directors. As indicated above and in accordance with certain conditions and restrictions attaching to the preference shares, the holders of the preference shares are presently entitled to elect 3 directors at the forthcoming meeting of holders of preference shares.

The following are the names of the 3 directors for whom it is intended that votes will be cast at the meeting of holders of preference shares, for election as directors pursuant to the proxy which is hereby solicited from holders of preference shares, namely: Arthur W. White, A. E. MacKay and J. C. Byrne.

The following are the names of the 4 directors for whom it is intended that votes will be cast at the annual and general meeting of shareholders for election as directors pursuant to the proxy which is hereby solicited from holders of common and preference shares of the Company, namely: F. A. Fell, D. R. McEwen, H. R. Heard and L. A. Bednarz.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting of shareholders next following or until his successor is elected or appointed. In the event that the Company has duly met the conditions and restrictions attaching to the preference shares, at the time of the next annual meeting, the holders of preference shares as a class will not be entitled to elect any of the members of the board of directors but all of same will be elected by the holders of common and preference shares.

Of the foregoing nominees for election as directors all are presently directors of the Company. In the event that prior to the said meeting any vacancies occur in the slate of nominees submitted herewith it is intended that discretionary authority shall be granted to vote the appropriate proxy for the election of any other person or persons as directors. The management is not presently aware that any of the said nominees would be unwilling to serve as a director of the Company if so elected.

Arthur W. White, aforesaid is the President and J. C. Byrne, aforesaid is the Vice-President and Managing Director of the Company at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation</u>	<u>Period(s) served as a Director</u>	<u>Shares beneficially owned directly or indirectly as of July 27, 1971</u>
ARTHUR W. WHITE Mining Executive, President, Mid-North Engineering Services Limited. President, Dickenson Mines Limited.	Since January 14, 1955	76,707 common shares
A. E. MacKAY Petroleum and Mining Engineer, A. E. MacKay Petroleum Limited	Since July 24, 1970	1 common share
J. C. BYRNE Mining Executive, President and Managing Director, Discov- ery Mines Limited and Rayrock Mines Limited	Since June 11, 1957	1 common share

F. A. FELL Executive Mining Engineer, Dickenson Mines Limited	Since August 24, 1966	1 common share
D. R. MCEWEN Corporate Secretary. Secre- tary-Treasurer, Discovery Mines Limited, Rayrock Mines Limited and Radiore Uranium Mines Limited.	Since July 27, 1971	1 common share
H. R. HEARD Chartered Accountant. Secre- tary-Treasurer, Dickenson Mines Limited	1963 to 1966 and since July 16, 1968	1 common share
L. A. BEDNARZ Executive Engineer, Discovery Mines Limited and Rayrock Mines Limited	Since August 22, 1967	1 common share

All of the above nominees have held the principal occupations indicated for more than the last five years with the exception of Mr. Bednarz who was previously a mining analyst with Richardson Securities of Canada, and Mr. McEwen who was previously Secretary-Treasurer of Leitch Mines Limited.

REMUNERATION OF MANAGEMENT

During the fiscal year ended March 31, 1971, the aggregate direct remuneration paid by the Company to directors and senior officers was \$650.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy at the annual and general meeting of shareholders for the appointment of the firm of Collins, Love, Eddis, Valiquette & Barrow, Chartered Accountants, of Toronto, as auditors of the Company, to hold office until the next annual meeting of shareholders. The said firm is the national firm of which Eddis & Associates are partners. Eddis & Associates have been the auditors of the Company for more than 8 years.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

BY-LAW NUMBER 9

Be it enacted as a by-law of Tundra Gold Mines Limited as follows:

1. Every director and every officer of the Company and his heirs, executors, administrators and other legal personal representatives shall, from time to time and at all times, be indemnified and saved harmless by the Company from and against:
 - (a) any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything done or permitted by him in respect of the execution of the duties of his office; and
 - (b) all other costs, charges and expenses that he sustains or incurs in respect of the affairs of the Company:

provided that no director or officer of the Company shall be indemnified by it in respect of any liability, costs, charges or expenses that he sustains or incurs in or about any action, suit or other proceeding as a result of which he is adjudged to be in breach of any duty or responsibility imposed upon him under The Business Corporations Act, 1970 or under any other statute unless, in an action brought against him in his capacity as director or officer, he has achieved complete or substantial success as a defendant.

2. The Company may purchase and maintain such insurance for the benefit of its director and officers as the board may from time to time determine, except insurance against a liability, cost, charge or expense of the director or officer incurred as a result of a contravention of Section 144 of The Business Corporations Act, 1970.
3. Article 28 of By-Law No. 1 passed by the directors on December 8, 1947, is repealed from and after the coming into force of this By-Law No. 9 provided that such repeal shall not affect the validity of any right, obligation or liability acquired or incurred under the said clause prior to the effective date of its repeal.

Passed by the directors on the 27th day of July, 1971.

PARTICULARS OF MATTERS TO BE ACTED UPON
AND DISCRETIONARY AUTHORITY

Management is not now aware that any matters will be submitted to the forthcoming annual and general meeting of shareholders other than the receipt and consideration of the aforesaid financial statements, the election of directors, the consideration and confirmation of by-law number 9 and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy, and discretionary authority necessary in such event is conferred by any person giving the proxy to management.

Management is not now aware that any matter other than election of three directors of the Company will be submitted to the forthcoming special meeting of holders of preference shares.

GENERAL

No dividends have been declared or paid to date on the 6% preference shares. The unpaid dividends of these shares which are cumulative from January 1, 1962, amount to \$185,888 or \$19.42 per share as at March 31, 1971. In the event that (a) the unpaid cumulative dividends exceed \$4.20 per share, or (b) the Company fails to set aside within 120 days after the end of each fiscal year an amount equal to the value of 15% of the gold produced during the fiscal year, as a sinking fund, or (c) the money so set aside is not applied within 60 days to redemption of preference shares, the holders of the preference shares shall be entitled to elect three-sevenths of the members of the board of directors of the Company. The accumulated amount required to be set aside for sinking fund purposes out of production by March 31, 1971 is \$370,895, but this money has not yet been so set aside. Reference is made to the heading "Voting shares and principal holders thereof" for particulars of the voting rights of holders of common and preference shares.

MANNER OF VOTING PROXIES

The shares represented by proxies and which may be voted at the annual and general meeting of shareholders, and which are received by the management, will be voted at such meeting and will be voted in accordance with the statements made above. It is intended that the accompanying instrument of proxy identified for use at the annual meeting, if signed, dated and returned to the Company prior to the meeting and completed in the names of the persons therein named, will be voted in the election of 4 directors of the Company to be elected at the annual and general meeting of shareholders, in favour of the appointment of auditors aforesaid, and in favour of confirmation of by-law number 9 all as set forth above.

It is intended that the accompanying instrument of proxy, identified for use at the special meeting of holders of preference shares, if signed, dated and returned to the Company prior to that meeting and completed in the names of the persons therein named, will be voted in the election of 3 directors to be elected at such meeting.

Holders of both common and preference shares will receive separate instruments of proxy for use at the forthcoming meetings. Holders of preference shares may vote at both meetings. Holders of common shares only may vote at the annual and general meeting of shareholders.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT (OR INSTRUMENTS) OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE RELEVANT MEETING AND IF USING THE ACCOMPANYING INSTRUMENT (OR INSTRUMENTS), SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED as of this 27th day of July, 1971.

By Order of the Board,

H. R. HEARD,

Secretary

COLLINS, LOVE, EDDIS, VALIQUETTE & BARROW

CHARTERED ACCOUNTANTS

VANCOUVER CALGARY EDMONTON WINNIPEG TORONTO
MONTREAL HALIFAX MONCTON AND OTHER CITIES IN CANADA

REPRESENTATIVES IN GREAT BRITAIN AND
THE UNITED STATES OF AMERICA

TELEPHONE (416) 363-3235

SUITE 1201
110 YONGE STREET
TORONTO 1, CANADA

AUDITORS' REPORT

To the Shareholders,
Tundra Gold Mines Limited.

We have examined the balance sheet of Tundra Gold Mines Limited as at March 31, 1971 and the statements of deficit, deferred exploration and administrative expenditures and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Collins, Love, Eddis, Valiquette & Barrow

Toronto, Canada,
May 13, 1971.

CHARTERED ACCOUNTANTS.

TUNDRA GOLD MINES LIMITED

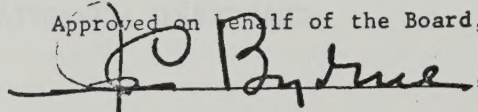
(Incorporated under the laws of Ontario)

BALANCE SHEET

MARCH 31, 1971

<u>ASSETS</u>	<u>1971</u>	<u>1970</u>
Current assets		
Cash	\$ 71,443	\$115,328
Short term note	100,000	100,000
Accounts receivable	1,040	1,528
Prepaid expenses	<u>6,230</u>	<u> </u>
	178,713	216,856
Matthews Lake property, N.W.T. (note 1)		
Buildings, machinery and equipment, estimated realizable value	350,000	350,000
Mining supplies, estimated realizable value	19,637	19,637
Mining claims, nominal value	<u>1</u>	<u>1</u>
	369,638	369,638
Other mining properties (note 2)	23,535	23,959
Deferred exploration and development expenditures	<u>35,265</u>	<u>36,130</u>
	58,800	60,089
	<u> </u>	<u> </u>
	<u>\$607,151</u>	<u>\$646,583</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,860	\$ 9,899
Long term debt (note 3)		
Income debentures payable, 6%, due April 1, 1975	<u>1,175,000</u>	<u>1,175,000</u>
	1,181,860	1,184,899
<u>SHAREHOLDERS' EQUITY</u>		
Capital stock (notes 4, 5 and 6)		
Authorized		
20,350 6% (cumulative from January 1, 1962) convertible, redeem- able sinking fund preference shares of \$35 par value each		
5,000,000 common shares of \$1 par value each		
Issued		
9,572 preference shares	335,020	370,020
4,277,316 common shares	<u>4,277,316</u>	<u>4,242,316</u>
	4,612,336	4,612,336
Deficit	<u>5,187,045</u>	<u>5,150,652</u>
	(574,709)	(38,316)
	<u>\$607,151</u>	<u>\$646,583</u>
The accompanying notes are an integral part of these financial statements.		

Approved on behalf of the Board,

 , Director

 , Director

TUNDRA GOLD MINES LIMITED

STATEMENT OF DEFICIT

FOR THE YEAR ENDED MARCH 31, 1971

	<u>1971</u>	<u>1970</u>
Balance, beginning of the year	\$5,150,652	\$5,140,646
Expenditures written off during the year	<u>36,393</u>	<u>10,006</u>
Balance, end of the year	<u><u>\$5,187,045</u></u>	<u><u>\$5,150,652</u></u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1971

	<u>1971</u>	<u>1970</u>
Source of funds		
Interest and sundry income	\$ <u>14,061</u>	\$ <u>13,892</u>
Application of funds		
Exploration and development not including mining claims abandoned	28,602	10,573
Head office and administrative expenses	7,773	7,097
Mine property maintenance	12,790	7,900
Acquisition of mining claims	<u> </u>	<u>424</u>
	<u>49,165</u>	<u>25,994</u>
Decrease in working capital	35,104	12,102
Working capital, beginning of the year	<u>206,957</u>	<u>219,059</u>
Working capital, end of the year	<u><u>\$171,853</u></u>	<u><u>\$206,957</u></u>

TUNDRA GOLD MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 1971

	<u>1971</u>	<u>1970</u>
Exploration expenditures		
Atikwa Lake area, Ontario	\$ 488	\$ 434
Kilmer and Hecla townships, Ontario	7,761	1,839
Australian Syndicate - participation	10,000	
Kitselas Mountain, British Columbia	10,353	
Mining claims abandoned	424	
Select regions of eastern Canada	<u> </u>	<u>8,300</u>
	29,026	10,573
Administrative expenses		
Rent and sundry office expenses	1,013	980
Printing, publicity, office supplies	535	982
Salaries	2,850	1,830
Telephone	16	20
Legal and audit	860	550
Transfer agent fees and expenses	1,460	1,515
Taxes and filing fees	321	402
Directors' fees	650	700
Interest and bank charges	68	
Travel	<u> </u>	<u>118</u>
	7,773	7,097
Mine property maintenance	12,790	7,900
Interest and sundry income	(14,061)	(13,892)
Total expenditures for the year	<u>\$35,528</u>	<u>\$11,678</u>

SUMMARY OF DEFERRED EXPENDITURES

	Balance April 1 <u>1970</u>	Expenditures for the Year <u> </u>	Amounts written off <u> </u>	Balance March 31 <u>1971</u>
Atikwa Lake area, Ontario	\$34,777	\$ 488	\$	\$35,265
Kilmer and Hecla townships, Ontario	1,353	7,761	(9,114)	
Australian syndicate		10,000	(10,000)	
Kitselas Mountain, British Columbia		10,353	(10,353)	
Other	<u> </u>	<u>6,926</u>	<u>(6,926)</u>	<u> </u>
	<u>\$36,130</u>	<u>\$35,528</u>	<u>\$36,393</u>	<u>\$35,265</u>

TUNDRA GOLD MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1971

1. Matthews Lake property

The company suspended operations at its Matthews Lake property in January, 1968; accordingly, the mining claims were written down to a nominal value, deferred exploration and development expenditures were written off and physical assets at the property were written down to estimated realizable value.

Buildings, machinery and equipment are stated at \$350,000. The amount which ultimately may be realized might be greater or less depending upon the time of sale and location to which the plant is moved.

2. Other mining properties	<u>1971</u>	<u>1970</u>
(a) Patented mining claims in Kenora Mining Division, Ontario, acquired for cash and shares of capital stock at valuation place thereon by directors	\$23,535	\$23,535
(b) 12.5% interest in an option on 63 mining claims in the Porcupine Mining Division, Ontario	_____	_____424
	<u>\$23,535</u>	<u>\$23,959</u>

3. 6% income debentures

The debentures contain various provisions and restrictions affecting, inter alia, disposal of assets, payment of dividends and redemption of capital stock.

The amount of cumulative unpaid interest at March 31, 1971, calculated at 6% per annum, is \$280,047, which amount is payable only out of future operating profits as defined in the debenture.

4. Capital stock

335,020 common shares of the capital stock of the company are reserved for issuance to holders of preference shares in accordance with the conversion privilege attached to the preference shares.

TUNDRA GOLD MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS, Continued

MARCH 31, 1971

4. Capital stock (continued)

To date, 79,650 preference shares have been converted into common shares, reducing the authorized and issued shares as follows:

	<u>Authorized</u>	<u>Issued</u>
Number of preference shares	100,000	89,222
Number of preference shares converted into common shares (1,000 during the current year)	<u>79,650</u>	<u>79,650</u>
	<u>20,350</u>	<u>9,572</u>

5. Dividends

No dividends have been declared or paid to date on the 6% preference shares. The unpaid dividends on these shares, which are cumulative from January 1, 1962, amount to \$185,888 or \$19.42 per share as at March 31, 1971.

6. Sinking Fund.

In accordance with the various conditions and restrictions attached to its preference shares, the company was required during its productive period to set aside within 120 days after the end of each fiscal year an amount equal to the value of 15% of the gold produced during each fiscal year, as a sinking fund.

The company was required to apply the money thus set aside to the redemption of preference shares within 60 days after it was so set aside.

In the event that (a) unpaid cumulative dividends exceed \$4.20 per share or (b) the company fails to set aside the amount required on account of the sinking fund within 120 days after the end of the fiscal year or (c) the money set aside is not applied within 60 days to the redemption of preference shares, the holders of the preference shares shall be entitled to elect three-sevenths of the members of the board of directors.

The amount required to be set aside for sinking fund purposes out of production is \$370,895, but this money has not yet been so set aside.